

# HOUSE BILL REPORT

## HB 2334

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**As Reported By House Committee On:**  
Technology, Telecommunications & Energy

**Title:** An act relating to the definition of net metering system.

**Brief Description:** Changing electricity definitions.

**Sponsors:** Representatives Gombosky, DeBolt and Poulsen.

**Brief History:**

**Committee Activity:**

Technology, Telecommunications & Energy: 1/11/00, 2/4/00 [DPA].

**Brief Summary of Amended Bill**

- Fuel cells are added to the definition of net metering systems.
- Half of the cumulative generating capacity available for net metering systems is dedicated to systems that use solar, wind or hydropower.
- Utilities may not require additional liability insurance for a customer's net metering system.

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### HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

**Majority Report:** Do pass as amended. Signed by 12 members: Representatives Crouse, Republican Co-Chair; Poulsen, Democratic Co-Chair; DeBolt, Republican Vice Chair; Ruderman, Democratic Vice Chair; Bush; Cooper; Delvin; Kastama; McDonald; Morris; Reardon and Wolfe.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Thomas.

**Staff:** Julia Harmatz (786-7135)

**Background:**

Net Metering Background: Net metering is the practice of using a single meter to measure the difference between the total generation and total consumption of electricity by customers with small generating facilities by allowing the meter to turn backward.

Net metering allows the customers to produce electricity at one time and consume it at another time. This form of energy exchange is useful for renewable energy technologies. For example, a residential customer with a small wind or photovoltaic system would produce electricity when the wind is blowing and the sun is shining and consume electricity at another time when it is needed. This banking ability affords self-generating customers more flexibility. They do not have to alter their consumption or install energy storage devices to maximize the value of their generation. They also have more latitude in sizing their generating facilities because they do not have to precisely match the load to minimize excess generation.

Net Metering defined: Net metering permits electricity customers to offset the cost and consumption of utility-provided electricity with electricity generated by their own small-scale generation system. Under net metering, the customer's small generation system is connected to the utility grid, and electricity produced by the customer's system flows onto the utility grid, spinning a bi-directional electricity meter backwards. Either monthly or annually, or by the billing period, the customer will receive a credit for the excess electricity generated.

Fuel Cells defined: A fuel cell is an electrochemical device in which hydrogen and oxygen combine in a controlled manner (in contrast to combustion or explosion) to directly produce an electric current and heat.

Past Legislation: During the 1998 regular session, the Legislature passed a net metering law for renewable systems.

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### **Summary of Amended Bill:**

The definition of net metering systems is amended to include fuel cells as well as solar, wind, or hydropower.

Half of the cumulative generating capacity available for net metering systems is set aside as a minimum amount attributable to solar, wind, or hydropower.

Electric utilities will not be held liable for allowing the attachment of a net metering system, or the omission of a customer generator that causes injury or loss, including death, to any third party. If a customer generator complies with all the safety and interconnection requirements of the appropriate governing body, they are not required to purchase additional liability insurance, or pay for additional tests of their equipment.

**Amended Bill Compared to Original Bill:** A portion of the generating capacity available for net metering systems is allocated to systems that use solar, wind or hydropower.

Utilities are not liable for omissions of customer generators.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Amended Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Net metering should be for more distributed technologies, not just renewables. It will take a lot of fuel cells to reach the .1 percent threshold. Fuel cells are not commercially available until 2001, but this bill sets up the incremental steps necessary and the parameters as how to interact with customers.

**Testimony Against:** Net metering is best served for renewables. In favor of cogeneration, but all fuel cells run on hydrogen, and hydrogen is a product of fossil fuels. Fuel cells can be designed for specific power load need, therefore does not need net metering. If fuel cells are eligible, fuel cells could absorb the entire .1 percent. Should limit eligibility to only those technologies derived by a renewable resource. The existing cap should be preserved for renewables only. Add thermovoltaic, as it is a companion to solar power, and crystals can burn on any fuel. Crystals are similar to fuel cells but more like renewables as they use fuel that is already being burned. The intent of the net metering law was to invest in renewables. Other states do not include fuel cells and if fuel cells are included, it may compromise the use of renewables. If fuel cells are included they will use up the entire .1 percent cap. The Legislature should include crystals and change the cap. The limit of .1 percent is conservative and should be increased if net metering includes other technologies. Provision of an avoided cost model for buyback of power generated by other technologies and a buyback model at the retail cost for renewables would improve the bill.

**Testified:** (In Support) Jason Keyes, JX Crystals Inc.; and Kristen Harte Sawin and Collins Sprague, Avista Corporation.

(In support if modified) Danielle Dixon, Northwest Energy Coalition., and Michael K. Nelson, Washington Solar Energy Industries Association.

(Opposed) Tom Starrs, Renewable Northwest Project.

(Neutral) Tony Usibelli, Department of Community, Trade and Economic Development.